



**30th  
Annual Report 2014-15**

# CFL CAPITAL FINANCIAL SERVICES LTD.

(CIN: L67120WB1983PLC036805)

## BOARD OF DIRECTORS

H.C. Mathur - *Chairman & Managing Director*

Sujit Dutta

B. N. Tripathi

A. V. Sudhakaran

Jostna Shrestha (w.e.f. 31<sup>st</sup> March, 2015)

## COMPANY SECRETARY

R. C. Kurup

## AUDITORS

Tarmaster & Co.

Chartered Accountants

## SECRETARIAL AUDITOR

Ranjit Ghosh & Co.

Company Secretaries

## REGISTERED OFFICE

Century Plaza,

Unit No. 233, Second Floor

81, Netaji Subhas Road

Kolkata 700 001

## BANKERS

Catholic Syrian Bank Ltd.

Dena Bank

Federal Bank Ltd.

HDFC Bank Ltd.

ICICI Bank Ltd.

IndusInd Bank Ltd.

Oriental Bank of Commerce

State Bank of India

Kotak Mahindra Bank Limited

Asset Reconstruction Company (I) Limited

Axis Bank Lytd.

Vijaya Bank

## REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

59 C, Chowringhee Road, 3rd Floor

Kolkata 700 020

Phone : 033 - 2289 0540, Telefax : 033 - 2289 0539

E-mail : [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)

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## NOTICE

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the members of CFL Capital Financial Services Limited will be held at "Uttam Mancha", 10/1/1 Monoharpukur Road, Kolkata-700026 on Monday, the 28<sup>th</sup> day of September, 2015 at 10.30 A.M to transact the following businesses:

### Ordinary Business

- To receive, consider and adopt the audited financial statements of the Company for the year ended 31<sup>st</sup> March 2015, the audited consolidated financial statements for the year ended as on that date and the Reports of the Board of Directors and Auditors thereon.
- To ratify the appointment of Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder the re-appointment of the retiring Auditors, Messrs Tarmaster & Co., Chartered Accountants (Firm Registration No.302016E) to hold office from the conclusion of the Twenty-ninth Annual General Meeting of the Company till the conclusion of Thirty-second Annual General Meeting of the Company be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee of the Board of Directors of the Company in consultation with the Auditors."

### Special Business

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:

- As an Ordinary Resolution  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs.Jostna Sreshtha (DIN: 07143678) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31<sup>st</sup> March, 2015 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, for a period of 5 (five) consecutive years for a term upto the conclusion of the Thirty-fifth Annual General Meeting of the Company."
- As a Special Resolution  
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, if required, and such other approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Shri H C Mathur (DIN: 00054757) as Managing Director of the Company for a period of one year with effect from 1<sup>st</sup> May, 2015, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri H C Mathur subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof or stipulated by the Central Government while according its approval for the re-appointment of Mr.Mathur;  
RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors

R.C.Kurup  
Company Secretary

Registered Office:  
Century Plaza  
81, Netaji Subhas Road  
Unit No.233, Second Floor  
Kolkata-700 001  
CIN: L67120WB1983PLC036805  
Website: <http://cfltd.in>  
E-mail: [cflcapfs@gmail.com](mailto:cflcapfs@gmail.com)

Dated: 27<sup>th</sup> May, 2015.

## NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

- The Register of Members of the Company will remain closed from 22<sup>nd</sup> September, 2015 to 28<sup>th</sup> September, 2015 both days inclusive.
- Members holding shares in dematerialized form are requested to intimate all changes pertaining to their Bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Share Transfer Agent, Link Intime India Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrars and Share Transfer Agent.

In case the mailing address mentioned on the Attendance Slip is without the PINCODE, Members are requested to kindly inform the PINCODE immediately.

The Company proposes to send to the Members Notices, Annual Reports and Accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant if the holding is in electronic mode or intimate to the Company's Registrar at [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in) or to the Company at [cflcapfs@gmail.com](mailto:cflcapfs@gmail.com) their e-mail address if the shares are held in physical form. Copies of all such communication can also be obtained in physical form from the Company free of cost, upon request. All such documents shall also be available at the Company's website <http://cfltd.in>

- Members can avail of the nomination facility, under Section 72 of the Companies Act, 2013 by submitting Form No.SK.13 as per rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 with the Company. Blank forms will be made available on request.
- Shareholders desiring any information as regards the Accounts are requested to write to the Company at least seven days in advance of the date of the Meeting to enable the Company to keep the information ready, as far as possible.
- Due to the prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
- As per directives issued by SEBI, it is compulsory to trade in securities of any Company's equity shares in dematerialized form. Members are, therefore, at liberty to dematerialise their holdings in the Company through a Depository Participant to avail easy liquidity in trading of shares, avoid risk of custody of physical certificates and incur stamp duty for transfer of shares.
- The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Registrars and Share Transfer Agent of the Company.
- The brief profile of the Directors seeking appointment and other details under revised Clause 49 of the Listing Agreements with the Stock Exchanges in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointments.
- Voting through electronic means
  - In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased



to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/its discretion. The instruction for e-voting are as under:

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 25th September, 2015 (9.00 am) and ends on 27th September, 2015 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Monday, the 21st September, 2015 (the Cut-off Date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The facility for voting through ballot paper / polling paper shall be made available at the AGM and the members as on the "cut-off date" i.e. Record date, attending the meeting, who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through ballot paper / polling paper. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Attendance Slip indicated in the PAN field as mentioned in instruction (iv)
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for CFL Capital Financial Services Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

## II. Poll Process at AGM

- (a) The voting on the agenda items shall be done by e-voting as well as by Poll. Those who do not exercise the option of e-voting shall be entitled to participate and vote at the Poll to be conducted at the venue of the AGM on the date of the meeting. Ballot papers will be issued immediately after an announcement in this regard by the Chairman of the meeting and will continue till all the shareholders present and who want to vote have cast their votes. The number of votes will be equivalent to the number of shares held by them as on the Cut-off Date i.e., 21st September, 2015
- (b) Mr Ranjit Kumar Ghosh, a Practising Company Secretary (Membership No.FCS3724) has been appointed as the Scrutinizer to scrutinize the e-voting process. He will also act as Scrutinizer along with another shareholder at the Poll to be conducted at the meeting in a fair and transparent manner.
- (c) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizers Report shall be placed on the Company's website and on the website of CDSL within 2(two days) of passing the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal working hours 10.00 A.M and 5.00 P.M. on all working days upto and including the date of the AGM.

11. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Items Nos. 3 and 4 of the Notice are as under:

### In respect of Item 3

Mrs Jostna Sreshta is a Non-Executive Independent Director of the Company. She joined the Board of Directors of the Company on 31<sup>st</sup> March, 2015.



Mrs. Jostna Sreshta was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 31<sup>st</sup> March, 2015 and pursuant to Section 161 of the Companies Act, 2013 vacates her office at the ensuing Annual General Meeting. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 Mrs Jostna Sreshta being eligible is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the Thirty-fifth Annual General Meeting of the Company. Mrs Jostna Sreshta is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013. The Company has received (i) form DIR-8 from her in terms of Section 164(2) and applicable Rules thereon confirming her eligibility and (ii) a declaration to the effect that she meets the criteria of Independence as provided in Sub-section (6) of Section 149 and other applicable provisions of the Companies Act, 2013. The Company has received a notice from a member under section 160(1) of the Companies Act, 2013 proposing Mrs. Jostna Sreshta as a candidate for the office of Director of the Company. Mrs Jostna Sreshta is 48 years of age and has graduated in Arts from Indira Gandhi National Open University and has about 19 years' experience in Administrative Management. Mrs. Sreshta has not been inducted on any Committees and is not a director of any other Company.

In the opinion of the Board, Mrs Jostna Sreshta fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. The Board considers that her continued assistance would be of immense benefit to the Company. Accordingly the Board recommends the resolution relating to the appointment of Mrs Jostna Sreshta as an Independent Director, for the approval of the shareholders of the Company.

Except Mrs Jostna Sreshta being an appointee and her relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set out at item 3 of the annexed Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

#### In respect of Item 4

Mr.H.C.Mathur was first appointed as a Director of the Company with effect from 10<sup>th</sup> March, 2000 and subsequently as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> May 2000. He was re-appointed for further periods of two years each with effect from 1<sup>st</sup> May, 2003, 1<sup>st</sup> May, 2005, 1<sup>st</sup> May, 2007, 1<sup>st</sup> May, 2009 and 1<sup>st</sup> May, 2011 and thereafter was appointed for a period of one year each with effect from 1<sup>st</sup> May, 2013 and 1<sup>st</sup> May, 2014

The Board of Directors of your Company at its meeting held on 27<sup>th</sup> April, 2015 has re-appointed Mr.Mathur as Managing Director of the Company for a further period of one year with effect from 1<sup>st</sup> May, 2015, subject to the approvals of the shareholders and the Central Government, if necessary, on remuneration as set out in the draft Agreement to be entered into between the Company and Mr.Mathur, an abstract of which is given below:

I. Salary	: Rs.32,500 /- per month
II. Consolidated Allowance	: Rs.82,500/- per month

In addition to the above, Mr.Mathur shall be entitled to the following Perquisites:

- Personal accident insurance, medical re-imbursement and medical insurance for self and family, Leave Travel Concession, club fees and privilege leave on full pay and allowance, encashment of leave at the end of tenure, etc in accordance with the Rules of the Company.
- Contribution to Superannuation Fund or Annuity Fund in accordance with the Rules of the Company in force from time to time
- Gratuity : As per Rules of the Company in force from time to time.

The perquisites mentioned in (ii) and (iii) above and encashment of leave at the end of tenure mentioned in (i) above will not be included in the computation of ceiling on remuneration under Schedule V of the Companies Act, 2013.

Provision of car for use on Company's business and telephone will not be considered as perquisites. Personal long distance calls and use of cars for private purpose shall however be billed by the Company.

Notwithstanding anything mentioned above, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate the remuneration proposed above will be paid as minimum remuneration.

Payment of the above remuneration to Mr.H C Mathur has been approved at the meeting of the Nomination and Remuneration Committee of the Board duly held on 16<sup>th</sup> April, 2015.

Mr.H C Mathur does not have any interest in the capital of the Company, directly or indirectly nor has any direct or indirect interest nor was related to any of the directors or promoters of the Company at any time during the last two years before or on the date of the appointment and possesses requisite qualification and expertise with specialized knowledge in the field of his profession.

Mr.Mathur possesses over 54 years of commercial experience related to various aspects of management including secretarial, legal, administration, finance, etc. He is an astute business leader who has successfully managed repayment of deposits to deposit holders in spite of adverse conditions. Your Directors feel that it will be beneficial for the Company to re-appoint him as the Managing Director and make use of his vast experience and recommend that the Resolution be passed.

In the opinion of the Board of Directors of your Company, the remuneration payable to Mr.Mathur is commensurate with his ability, qualification, experience and past performance. The Resolution set out at item 4 of the annexed Notice is intended to obtain approval of the Shareholders to the re-appointment of Mr.H.C.Mathur as Managing Director of the Company and payment of remuneration to him as mentioned above with liberty to the Board of Directors to vary the terms, as stated in the Resolution.

Copy of the draft agreement to be entered into between the Company and Mr.Mathur will be available for inspection of members at the Registered Office of the Company on any working day during the hours of 10.00 A.M. and 12 Noon and will also be available at the meeting. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Key Managerial Personnel of the Company other than Mr.Mathur is concerned with or interested in this resolution.

Statement containing information as required under section Section II(B)(iv) of Part II of Schedule V of the Companies Act, 2013 and forming part of the Notice of 30<sup>th</sup> Annual General Meeting.

## **I. GENERAL INFORMATION**

- Nature of Industry  
The Company's main business as per its Objects Clause relate to finance business
- Date or expected date of commencement of commercial production  
Not applicable
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus  
Not applicable
- Financial performance based on given indicators Rs.in lakhs

Financial year ended	31.03.2015	31.03.2014	31.03.2013
Gross Sales & Other Income	107.51	42.55	46.30
Profit/(Loss) before Tax	(6466.36)	(5,716.00)	(4,924.88)
Profit/ (Loss) after Tax	(6542.38)	(5,716.00)	(4,924.88)
Equity Share Capital	13,866.52	13,866.52	13,866.52
Reserve and Surplus(excluding			
Revaluation reserve)	(72,536.05)	(65,992.34)	(60,276.35)
Net worth	(56,170.52)	(49,626.82)	(43,910.82)

- Foreign investments or collaborations, if any:  
None

## **II. INFORMATION ABOUT THE APPOINTEES:**

Information about the appointee are mentioned in the Explanatory Statement to the Notice of the Annual General Meeting of the Company forming part of this Annual Report.





## DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors hereby present their Thirtieth Annual Report together with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2015.

### FINANCIAL RESULTS

(Rs. in Lakhs)

	For the year ended 31-3-2015	For the year ended 31-3-2014
Gross Income	108	43
Less: Expenditure	6678	5803
Less: Depreciation	5	6
Gross Profit/(Loss)	(6575)	(5766)
Less Exceptional items	109	50
Profit/(Loss) before tax	(6466))	(5716
Tax Expense relating to earlier years	76	-
Profit/(Loss) after tax	(6542)	(5716)
Add Depreciation of earlier years	2	-
Profit/(Loss) after Depreciation for earlier years	(6544)	(5716)
Add Balance brought forward from earlier years	(78640)	(72924)
Loss carried to Balance Sheet	(85184)	(78640)

In view of the losses the question of transfer of any amount to reserves does not arise.

### DIVIDEND

In view of the continued losses, your Directors regret their inability to recommend any dividend on the Preference or Equity Shares.

### INDUSTRY STRUCTURE, OPERATIONS AND DEVELOPMENT

There was improvement in the economy especially due to the growth of the services sector and a moderate growth in the manufacturing sector which resulted in improved GDP compared to the previous year with the inflation in moderate terms towards the later part of the year which helped fundamentally strong financial companies to register growth.

However, your Company could not cash in on the above positive background as it could not engage in any significant business activity primarily due to the cancellation of the Certificate of Registration as a Non-Banking Financial Company by the Reserve Bank of India and difficulty in entering into new business of non-banking non finance due to lack of funds and consequently your Company does not fall under any industry structure. The Company however has financial services as its main activity in its Memorandum of Association. The Board of Directors have, in the absence of the required financial support from the Banks and also due to ongoing recovery suits filed by them before various Debt Recovery Tribunals, have not been able to implement any viable Business Plan. This has resulted in continued losses and caused a tremendous pressure on the Company to meet operational expenses and payment of liabilities.

The Debt Recovery Tribunals have passed decrees in favour of the Banks and Financial Institutions in most of the cases filed by them for realisation of their outstanding dues. Pursuant thereto, Recovery Officers have taken over possession of the Company's properties, charged to these Banks and Financial Institutions and have also disposed them off except 3 properties.

### OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

Though there is scope and opportunity for the Company to engage in constructive and profitable business activities in view of its experience and the promising outlook in the economy but lack of financial resources is preventing it from taking up any new measures to revive it. There is therefore a great amount of uncertainty regarding future outlook of the Company though your Directors are striving hard to take effective steps. Acute shortage of funds faced by the Company in the past is

likely to continue at least in the near future unless there is capital infusion coupled with a restructuring exercise. The accumulated losses is a cause for concern which dissuades stake holders from participating in a restructuring exercise

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Self certification exercise is also conducted by which senior management certifies effectiveness of the internal control system of the Company. Internal Audit has been conducted throughout the organization by qualified Internal Auditors. Findings of the internal Audit Report are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action are ensured wherever required. The Statutory Auditors have evaluated the system of internal controls of the Company and they have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

Your attention is drawn specifically to the issues mentioned hereinbefore under the head 'Industry Structure, Operations and Development' and to the comments under the head 'Opportunities, Threats, Risks, Concerns, Performance and Outlook' hereinbefore. Your Company's financial position is under extreme stress and needs a concerted effort from creditors, shareholders and third parties for any significant positive turnaround to emerge in the long run.

### Subsidiary Company

The Company has prepared a Consolidated Financial Statement of the Company and its subsidiary namely Samudra Securities Limited in the form and manner as that of the Company in accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Rules made thereunder and in compliance with the applicable accounting standards and the listing agreement with the Stock Exchanges which has been duly audited by the Statutory Auditors of the Company. The Consolidated Financial Statement form part of this Report and the same shall be laid before the Annual General Meeting while laying the financial statements of the Company. A Report on the performance and financial position of the Subsidiary Company in form AOC-1 forms a part of the Consolidated Financial Statement

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges Samudra Securities Limited is a material subsidiary. As per the aforesaid Clause 49 the policy of the Company for determining material subsidiaries is posted on the website of the Company and may also be accessed at the link <http://cfltd.in>

### Vigil Mechanism Policy/Whistle Blower Policy

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has framed a vigil mechanism policy and system of vigil mechanism to deal with instances of fraud and mismanagement, if any, and concerns about violation of Company's policies. The details of the Vigil Mechanism and Whistle Blower Policy are also posted on the website of the Company and may be accessed at the link <http://cfltd.in>

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of your Company's activities during the year under review your Company did not consume energy of any significant level nor there was much scope for taking any measures for energy conservation, research and development, technology absorption, and making any additional investment for the above purposes and no comment is made in this regard. There has been no foreign exchange earnings or outgo during the year under review.

### Public Deposits

The Company had repaid all deposits which were claimed by the deposit holders in terms of the Schemes sanctioned by the Hon'ble Company Law Board except 3,624 deposits with a principal amount of Rs.4,41,63,804 and a maturity amount of Rs.5,43,90,485 which were not claimed by the deposit holders in spite of the Company sending reminders to them at periodic intervals. The unclaimed deposits are being paid as and when the same are claimed and an amount of Rs.000 has been paid since 31<sup>st</sup> March, 2015.



## Number of meetings of the Board of Directors

There were 6 meetings of the Board of Directors held during the financial year 2014-15 and the details are mentioned in the Corporate Governance Report attached to this Report.

## Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors to the best of their knowledge and belief and according to the information and explanations obtained confirm that:

- (i) in the preparation of the Annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any;
- (ii) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Accounts had been prepared on a going concern basis;
- (v) proper financial controls were in place and that the financial controls were adequate and were operating effectively and
- (vi) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## Declaration by Independent Directors

Mr B N Tripathi, Mr Sujit Datta and Mr A V Sudhakaran are Independent Directors on the Board of the Company. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## Audit Committee

The Audit Committee of the Board of Directors consist of Mr Sujit Datta, Mr B N Tripathi and Mr A V Sudhakaran and the Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer and Auditors are permanent invitees to the Committee meetings. The details of terms of reference of the Committee, number and dates of meetings held and other details are given separately in the Corporate Governance Report. Your Company has a well structured internal audit system commensurate with its size and operation. During the year there was no occasion when the Board had not accepted the recommendations of the Audit Committee

## Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee for reviewing the complaints of investors in the Company. The members of the Committee are Mr.Sujit Datta, Mr.H C.Mathur and Mr A V Sudhakaran The number of meetings held and other details are given separately in the Corporate Governance Report.

## Corporate Social Responsibility

The provisions of the Companies Act, 2013 regarding Corporate Social Responsibility are not applicable to the Company due to continuous losses suffered by the Company.

## Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee consisting of Mr A V Sudhakaran, Mr B N Tripathi and Mr Sujit Datta as its members. The details of terms of reference of the Committee and number of meetings held and the brief outline of the remuneration policy of the Company are given separately in the attached Corporate Governance Report. The Company Secretary acts as the Secretary of the Committee.

## Directors

Mr H C Mathur was re-appointed as Managing Director of the Company for a further period of one year with effect from 1<sup>st</sup> May, 2015, subject to the approvals of the shareholders and the Central Government on the expiry of his earlier term on

30<sup>th</sup> April, 2015. Necessary Special Resolution has been proposed in the Notice of the Annual General Meeting for this purpose.

As per the provisions of the Companies Act, 2013 and the revised Corporate Governance stipulations of the Stock Exchanges it was necessary to appoint a woman director on the Board of Directors of the Company. The Board has accordingly appointed Mrs.Jostna Shrestha as an Additional Director of the Company with effect from 31<sup>st</sup> March, 2015 who will vacate her office at the ensuing Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received a notice from a member under section 160(1) of the Companies Act, 2013 proposing Mrs Jostna Shrestha as a candidate for the office of Director of the Company.

As per Section 149 and other applicable provisions of the Companies Act, 2013 your Directors are seeking re-appointment of Mrs Jostna Shrestha as an Independent Director of the Company to hold office for a term of five consecutive years upto the conclusion of Thirty-fifth Annual General Meeting of the Company. Details of the proposal for her appointment are mentioned in the Explanatory Statement set out in the annexed Notice.

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Risk Management

Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor, mitigate and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The procedures are reviewed to ensure that executive management controls risk through means of a well thought framework. The Company has appointed a Risk Management Committee in terms of the requirement of the provisions in the Listing Agreement with the Stock exchange regarding Corporate Governance and the members of the Committee are Mr Sujit Datta, Mr H C Mathur and Mr A V Sudhakaran.

## Particulars of employees and key managerial personnel (KMP)

The following are the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013:

Mr.Harish Chandra Mathur	Managing Director (re-appointed w.e.f. 1 <sup>st</sup> May, 2015 for a period of one year on expiry of his earlier term on 30 <sup>th</sup> April, 2015)
Mr.Ramulu Marampilly	Chief Financial Officer (Appointed w.e.f. 1 <sup>st</sup> March, 2015)
Mr Rama Chandra Kurup	Company Secretary

Pursuant to Section 134 (3) (q) read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the details of Key Managerial Personnel required to be furnished as per the said Rules are annexed to this Report. There were no employees who were drawing remuneration in excess of the limit provided in Rule 5 (2) of the aforesaid Rules

## Details of significant and material orders passed by the Regulators, Courts and Tribunals

No significant and material order has been passed by any Regulator, Court or Tribunal impacting the going concern status and Company's operation in future

## Particulars of Loans, Guarantee or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

## Related Party Transactions

All related party transactions that were entered into during the financial year were on arms' length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with



promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee and given in the notes annexed to and forming part of this Financial Statement.

## Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 as required under Section 92 of the Companies Act, 2013 are annexed to this Report.

## Corporate Governance

In accordance with the requirements of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance along with a certificate of the Auditors confirming compliance is set out in the Annexure forming part of this Annual Report

## Human Resources

The Company's relations with the employees continued to be cordial.

Efforts to maximize utilization of scarce resources was a continuous process throughout the year. The Company received some innovative ideas from a few employees for achieving greater efficiencies, cost control and recoveries and those with substance are being implemented.

## Auditors and Audit Report

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed there under Messrs Tarmaster & Co., Chartered Accountants, (Firm Registration No.302016E) were appointed as the Statutory Auditors of the Company by the Shareholders on 29<sup>th</sup> September, 2014 at the Twenty ninth Annual General Meeting of the Company to hold office till the date of the Thirty second Annual General Meeting, subject to ratification of their appointment at the thirtieth and thirty first Annual General Meetings. Accordingly a Resolution seeking Members ratification for their appointment is included in item 2 of the Notice convening the Annual General Meeting.

Regarding comments of the Auditors regarding non compliance of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms(Reserve Bank) Directions, 2007 and the Company not being able to maintain minimum Capital Risk Asset Ratio (CRAR) as prescribed by the aforesaid

Directions the comments of the Board are as under:

The Company's net worth had become negative in March, 2002 due to continued losses. Later Reserve Bank of India cancelled the NBFC Registration. Hence the maintenance of CRAR and other compliances of the Directions are no more applicable to the Company.

## Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 Messrs Ranjit Ghosh & Co., Company Secretaries (Membership No.FCS 3724) were appointed to carry out a secretarial audit of the Company. The Secretarial Audit Report is attached in the Annexure forming part of this Annual Report. As regards the comments of the Secretarial Audit Report your Board's reply is as follows:

- 1) The Company could not increase the minimum public shareholding due to the distressing financial position of the Company which in turn has rendered it extremely difficult to plan any exercise in this regard due to the anticipated reluctance of the public to take up Promoters shares for divestment and the non feasibility of making a further issue of shares to the public.
- 2) The Company's application to National Stock Exchange of India for delisting its Equity Shares is still pending for which no reasons have been furnished to the Company in spite of numerous complaints to the Exchange and to the concerned Regulator and hence the Company has withheld the payment of listing fees to the said Exchange.

## ACKNOWLEDGEMENT

Your Directors wish to record their appreciation of the encouragement, support, assistance and co-operation received from the Company's bankers, financial institutions, shareholders, depositors and employees throughout the year

For and on behalf of the Board

(H.C.Mathur)  
Managing Director  
(DIN: 00054757)

(Sujit Datta)  
Director  
(DIN:00337464)

Kolkata

Dated: 27<sup>th</sup> May, 2015





## Annexure to the Directors' Report

### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3) (q) READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ;	Mr H C Mathur 3.8 Mr Sujit Datta 0.013 Mr B N Tripathi 0.013 Mr A V Sudhakaran 0.013 Mrs.Jostna Shrestha 0.002
2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Directors:</b> Mr H C Mathur 86 Mr Sujit Datta Nil Mr B N Tripathi Nil Mr A V Sudhakaran Nil Mrs.Jostna Shrestha NA <b>Key Managerial Personnel</b> Mr H C Mathur 86.00 Mr Ramulu Marampilly NA Mr R C Kurup 14.18
3. The percentage increase in the median remuneration of employees in the financial year;	5.14
4. The number of permanent employees on the rolls of the company as on 31.03.15;	9
5. The explanation on the relationship between average increase in remuneration and company performance;	There is no relationship of increase in remuneration of key managerial personnel with the Company's performance.
6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	-do-
7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Market Capitalisation has fallen from 3175 lakhs on 31.03.2014 to 1899 lakhs on 31.03.2015  The Company made a Rights Issue of Shares at par in the year 2000 and there is a decline in the percentage of quotation of the Company's shares as per BSE Sensex by 86.30% as at the close of the financial year
8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Managerial remuneration of the Managing Director which remained at Rs. 9.00 lakhs p.a. for the period from 2008-09 to 2013-14 was fixed. In 2014-15, as per the Companies Act 2013 this was raised.
9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The Company has very little commercial activity and hence comparison is not representative
10. The key parameters for any variable component of remuneration availed by the directors;	No variable component is paid to the Managing Director Other Directors are paid only sitting fees
11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	1 : 0.65
12. Affirmation that the remuneration is as per the remuneration policy of the company	Yes

For and on behalf of the Board

(H.C.Mathur)  
Managing Director  
(DIN: 00054757)

(Sujit Datta)  
Director  
(DIN:00337464)

Kolkata  
Dated: 27<sup>th</sup> May, 2015



## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

CFL Capital Financial Services Limited  
81, Netaji Subhas Road  
Unit No 233, Second Floor  
Kolkata-700001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CFL Capital Financial Services Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by CFL Capital Financial Services Limited ("the Company") for the financial year ended on **31<sup>st</sup> March, 2015** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Environment (Protection) Act, 1986;
- (vii) The EPF & Misc. Provisions Act, 1952;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1. Minimum level of public shareholding as specified in Rule 19(2)(b) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 was not maintained.
2. The Company has not paid Listing fees for the year under review to the National Stock Exchange (NSE) on the ground that its Application for Delisting of Equity Shares is still pending with NSE.

### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes (induction of a Woman Director) in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not taken any actions/decisions, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

Reserve Bank of India cancelled Registration of the Company as NBFC w.e.f 18.05.2004 due to inability of the Company to maintain the norms of NBFC and the Company has not carried any NBFC activities during the year under review. But as per directions of RBI the Company is complying with all the applicable provisions /directions / instructions of RBI until the entire amount of public deposits held by the Company are repaid with interest and the entire financial assets are disposed of or the Company is converted to a non-banking non-financial company. The company has also not carried on any other significant business activity during the year.

As per the Order of the Company Law Board the Company has repaid to depositors who had claimed the same but still there are unencashed and unpaid amount of deposits and interests as on the date of year end.

The Office of the Registrar of Companies, West Bengal, had initiated prosecution proceedings against some of the present and past Directors of the Company, its erstwhile Manager and Company Secretary for non-compliance of certain provisions of the Companies Act, 1956 following inspections carried out by the Department of Companies Affairs. The aforesaid persons have already filed compounding application and the matter is still pending for final disposal.

Applications for compounding of offences for non-compliance of certain provisions of the Companies Act, 1956, for which Show Cause Notices were issued on the Company as well as its Managing Director and Secretary by the Office of the Registrar of Companies, West Bengal were submitted. The said applications were finally disposed off during the financial year under audit.

A show cause Notice was served on the Company by the Office of the Registrar of Companies, West Bengal vide its letter dated 26<sup>th</sup> June, 2014 for non-filing of Form 5 INV regarding unclaimed amount for the year 2014 lying with the Company. The Company had since filed the aforesaid Form INV in respect of unclaimed deposits.

For Ranjit Ghosh & Co.

Ranjit Kumar Ghosh  
Proprietor  
FCS No.:3724  
C P No.:1521

Date: 25<sup>th</sup> May, 2015  
Place : Howrah

N.B.- This report is to be read with our letter of even date which is annexed as 'Annexure -A' and forms an integral part of this report.